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HOUSE BILL 313

46TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2004

INTRODUCED BY

Joe M Stell

AN ACT

RELATING TO TAXATION; PROVIDING FOR A TAX CREDIT FOR WATER RIGHTS DONATED TO THE STRATEGIC WATER RESERVE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. A new section of the Income Tax Act is enacted to read:

"~~[NEW MATERIAL]~~ TAX CREDIT-- DONATION OF WATER RIGHTS TO THE STRATEGIC WATER RESERVE. --

A. A person who files an individual New Mexico income tax return who is not a dependent of another taxpayer may take a tax credit in an amount equal to one thousand dollars (\$1,000) per acre-foot of water rights donated during the taxable year to the strategic water reserve administered by the interstate stream commission pursuant to Section 72-14-3 NMSA 1978, and not to exceed one hundred thousand dollars

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underscored material = new
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1 (\$100,000) per year.

2 B. A husband and wife who file separate returns for
3 a taxable year in which they could have filed a joint return
4 may each claim only one-half of the credit that would have been
5 allowed on a joint return.

6 C. The tax credit provided in this section may only
7 be deducted from the taxpayer's income tax liability for the
8 taxable year. Any portion of the tax credit provided in this
9 section that remains unused at the end of the taxpayer's
10 taxable year may be carried forward for three consecutive
11 taxable years.

12 D. As used in this section, "water right" means:

13 (1) a title to use water as decreed by a state
14 district court pursuant to a water rights adjudication; or

15 (2) a water right recognized by the state
16 engineer as having sufficient seniority and consistent historic
17 beneficial use to effectively contribute to the purpose of the
18 strategic water reserve. "

19 Section 2. A new section of the Corporate Income and
20 Franchise Tax Act is enacted to read:

21 "[NEW MATERIAL] TAX CREDIT--DONATION OF WATER RIGHTS TO
22 THE STRATEGIC WATER RESERVE. --

23 A. A taxpayer that files a New Mexico corporate
24 income tax return may take a tax credit in an amount equal to
25 one thousand dollars (\$1,000) per acre-foot of water rights

underscored material = new
[bracketed material] = delete

1 donated during the taxable year to the strategic water reserve
2 administered by the interstate stream commission pursuant to
3 Section 72-14-3 NMSA 1978, and not to exceed one hundred
4 thousand dollars (\$100,000) per year.

5 B. The tax credit provided in this section may be
6 deducted from the taxpayer's corporate income tax liability for
7 the taxable year. Any portion of the tax credit provided in
8 this section that remains unused at the end of the taxpayer's
9 taxable year may be carried forward for three consecutive
10 taxable years.

11 C. As used in this section, "water right" means:

12 (1) a title to use water as decreed by a state
13 district court pursuant to a water rights adjudication; or

14 (2) a water right recognized by the state
15 engineer as having sufficient seniority and consistent historic
16 beneficial use to effectively contribute to the purpose of the
17 strategic water reserve. "

18 Section 3. CONTINGENCY. -- The provisions of Sections 1 and
19 2 of this act are effective contingent upon enactment into law
20 of legislation that creates a strategic water reserve
21 administered by the interstate stream commission.